



PSC NEWS

Missouri Public Service Commission

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FY-04-95

PSC APPROVES SALE OF WARREN COUNTY WATER & SEWER SYSTEM

Jefferson City (November 24, 2003)---The Missouri Public Service Commission has approved the sale of the water and sewer assets of the Warren County Water & Sewer Company to the Missouri-American Water Company.

The Commission stated in its decision: "The Commission has reviewed the Joint Application, the recommendations and responses of the parties, and the evidence and arguments presented at the hearing. Based on these materials, the Commission determines that the proposed transaction is not detrimental to the public interest and should be approved. Missouri-American is already in the business of providing public water and sewer service and is capable of operating Warren County Water & Sewer's system. Missouri-American is a large water and sewer utility within the state of Missouri and will operate the Warren County Water & Sewer assets as a separate 'district' within its system." The Commission further noted that customers of the Warren County Water & Sewer Company will experience an improvement in the quality of their service if Missouri-American becomes their provider.

As part of this case, there will be a rate moratorium for Warren County Water & Sewer Company customers until at least May 1, 2004.

According to the Commission's order, the sale is approved conditioned on a portion of the sale proceeds being placed in escrow at closing for payment of \$15,966.75 in overdue Missouri Public Service Commission assessments, approximately \$25,000 in fees to the Missouri Department of Natural Resources, and any other penalties, fines, debts or taxes owed.

The Commission denied setting the purchase price as the value of the assets for ratemaking purposes. The Commission will consider that issue in Missouri-American's next rate case.

The sale of assets of the Warren County Water & Sewer Company began after the Public Service Commission found in a complaint case that Warren County Water & Sewer Company had a history of violations of Missouri Department of Natural Resources regulations, poor business practices, and failure to pay assessments to the Public Service Commission, fees to Department of Natural Resources, and its property taxes. In addition, the Commission found evidence of poor water quality, water pressure, customer service and sewer smells. The Commission determined that the violations of the company warranted seeking the appointment of a receiver.

Missouri-American Water Company provides water service to approximately 445,000 customers in Missouri. It also provides sewer service to approximately 100 customers near Parkville, Missouri. Warren County Water & Sewer Company has 393 water and 374 sewer customers. Most of these customers live in a development known as Incline Village.

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